

# **DIPAM (Diamond Policy and Management) Project**

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Second Semi-Annual Report: 1 May through 31 October 2003

## **Summary:**

MSI has continued to scope out the appropriate role for supporting the USG in diamond policy dialogue while particularly focusing on establishing on the Peace Diamond Alliance (chiefly funded by MSI's other Cooperative Agreement in the diamond area) during this period. As in the past, activities, and progress, under one of the Cooperative Agreements is mutually reinforcing with the other.

MSI worked extremely diligently with USAID/SL staff to mount a highly successful policy address by President Kabbah, as he officially inaugurated the Peace Diamond Alliance (PDA) in Koidu on 27 August 2003. With the opening of the PDA office the prior weekend, and the election of the Executive Committee of the Peace Diamond Alliance during the 27-28 August PDA meeting, the link of National Policy to local activities (in Kono) was fully established. We expect to capitalize on this social infrastructure for our policy research and dialogue during the next reporting period.

Key areas of policy focus remain: increasing competition in the mining credit and diamond marketing sectors, increasing transparency in the DACDF distributions, linking lessons learned in Kono with other diamond areas in Sierra Leone (in fact, pending additional funding we hope to open a PDA branch in Tongo Fields), streamlining and improving diamond export regimes, developing effective pilot chain of custody systems for diamond mining, improving linkages with the Kimberly process, and corruption. We hope to support the PDA in establishing a framework to provide credit to miners and facilitate the export of pilot certified rough diamonds during the upcoming period.

During this period the PDA/DIPAM team exerted considerable energy attempting to access additional funds from USAID and DfID to support an Integrated Diamond Management Program, including an Earth to Export program to track diamonds, a credit program for miners, and a diamond buying scheme in support of our objectives and the Kimberley Process. If funds become available, it will enable us to deepen our work.

## **Accomplishments during the period**

The following was accomplished during the period:

- ◆ Continued **assistance to the MMR in proper use of the radios and motorcycles** provided to MMR/Kono has resulted in far more effective use and proper logging of equipment use.
- ◆ Hosting of the Second Peace Diamond Alliance Meeting in Koidu, featuring a **major diamond policy address by His Excellency Alhaji Ahmad Tejan Kabbah, as well as the US Ambassador, Peter Chaveas**. At the event the President and Ambassador expressed full support for the PDA and many of the priority policy objectives of DIPAM. This was considered a major policy success.

- ◆ **Opening of the PDA Office**, had been delayed for months, but it is now a very fine facility and is beginning to serve as the meeting place for community leaders concerned with improving diamond mining and marketing in Kono District.
- ◆ **Meetings with members of the PDA Executive Committee** on how local communities and Chiefdom authorities should participate, with government, with monitoring mining and marketing activities in their areas.
- ◆ **Meetings with the DACDF Coalition** on the need to improve the quality of their analysis and reporting under the grant they receive under DIPAM.
- ◆ **Analysis of diamond export data** to explore anomalies in diamond export valuation and possible under funding of the fourth tranche of the DACDF
- ◆ MSI funded an **Institutional Strengthening Workshop for the DACDF Coalition** in August. Coalition members met in Kenema to discuss the future of the Coalition and decided that its mandate should expand to include a broad suite of extractive resources, while maintaining their focus on the DACDF. Participants felt the event could contribute to the group's sustainability, although little follow-up has been observed since the workshop.
- ◆ MSI began to serve as the **Secretariat to the Donors High Level Steering Committee on Diamonds**. We hope that our assistance will help to improve the efficiency of the Committee, which could play a key role in shaping government policy. We also hope it will improve our access to top decision-makers.

### **Unexpected challenges encountered during the period and steps taken to address them**

#### *Uneven effectiveness of the DACDF Coalition*

Reports from Catholic Relief Services (CRS) and Talking Drums Studios/Sierra Leone (TDSSL) have been late and have been of uneven quality. While the awareness program appears to be going very well and training of the CDCs is on schedule, initial drafts of the final reports of both organizations were late and lacked (in the case of CRS; TDSSL's has yet to arrive) adequate analysis. We remain committed to ensuring the success of the DACDF and will work with key Coalition members to find a way forward. In the meantime we are working with the relevant organizations to improve the final reports.

#### *Failure of DfID to fund mutually agreed-upon activities*

During the prior period MSI conducted institutional analyses of two key Kono CBOs: Movement of Concerned Kono Youth (MOCKY) and the Alluvial Diamond and Gold Miners' Association of Kono (ADAGMAK). DfID participated in these assessments as a donor and promised to pay for the cost of the institutional improvement plans emerging from the process. However, it now seems that DfID is unwilling to honor this promise. The need for strengthening such key partners remains, however, so we will need to seek alternative sources of funding.

## **Organizational Matters**

Our PDA field office is fully established in Koidu, though we continue to experience logistical challenges common to doing business in Sierra Leone. Our project vehicle was in an accident and is now awaiting repair. In the meantime, the PDA and DIPAM will share the PDA vehicle, and the responsible driver no longer is employed by MSI. DIPAM's Field Manager has left Sierra Leone to return with her family to England. DIPAM's Deputy Field Manager, Tamba Sandi, was reassigned to serve as PDA's Program Coordinator in Koidu, taking better advantage of his community development skills and Kono heritage. We have hired an Office Manager, Mary Fitzjohn, to run the DIPAM office while project the Technical Director, Mark Renzi, has absorbed oversight.

## **Gender Considerations**

Mining, diamond marketing, and government oversight of the sector is dominated by men. However, women are essential decision-makers in a host of issues related to peace so the project needs to incorporate their interests. A representative of Kuendondoya's Women's Association was elected to the Executive Committee of the PDA, joining the Donor Representative, also a woman. We continue to bring child mining to the fore in policy discussions and are considering how the alluvial mining application and regulatory process can be altered to promote greater participation by women.

## **Lessons Learned**

Based on the PDA meetings held, the public policy forums supported, and the analytic pieces completed during the period, we remain confident as to the political and economic feasibility of our strategy.

However, the GOSL needs to demonstrate greater commitment to improved regulatory practices. We hope to focus on this issue in the coming period to gain the kind of day-to-day support that is necessary for success.

## **Expected activities in upcoming period**

During the next period we will continue to engage government in policy dialogue, support the DACDF Coalition in monitoring DACDF activities, coordinate closely with DfID, and integrate closely with PDA activities on the ground. Specific activities in the upcoming period include:

- ◆ The diamond governance study, delayed by one reporting period, is expected to be executed in the first quarter of 2004
- ◆ If funding becomes available, we hope to launch the Integrated Diamond Management Program, including Earth to Export, a Credit Program, and a Buying Scheme in Kono. While the PDA implements those programs, DIPAM will work at understanding and disseminating the policy issues arising from the innovations. As a simple example, in order to provide cooperative loans to miners, the rules regarding eligibility for alluvial mining licenses will need to be revised.

- ◆ We will review the various steps involved in securing an alluvial diamond mining license, considering alternative approaches that would reduce current distortions, including vulnerability to corruption, and lack of widespread benefit from mining activities.

A revised six-month work plan is attached to this report. It supercedes the prior work plan and will provide a useful guide to upcoming implementation. It is possible that DIPAM will receive additional funding from USAID and/or DfID during the next reporting period. In that case, we will need to revisit the work plan.